# GOVERNMENT OF INDIA
# STEEL
# LOK SABHA

UNSTARRED QUESTION NO:362
ANSWERED ON:21.11.2000
CRISIS IN STEEL PLANT
TRILOCHAN KANUNGO

**Will the Minister of STEEL be pleased to state:**

(a) whether some public sector steel plants are facing severe crisis;

(b) if so, the details therefor;

(c) the reasons for their crisis; and

(d) the steps taken by the Government to remove the crisis.

## Answer

MINISTER OF STATE FOR STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a) to (c): The integrated steel plants of public sector have been making losses over the past few years mainly due to the stress on margins arising out of a sluggish domestic market in steel, greater competition from imports and higher interest and depreciation costs on account of capitalisation of modernisation of steel plants.

(d) As for Steel Authority of India Limited(SAIL), the government approved plan for its restructuring is under implementation with a view to increasing its competitiveness and profitability.

As for Rashtriya Ispat Nigam Limited (Visakhapatnam Steel Plant), the Disinvestment Commission has recommended the writing off of the entire accumulated losses of the Company as on 31.3.1999 alongwith disinvestment of not less than 51% of its remaining equity to a strategic buyer. No final decision has been taken by the government on the recommendation of the Disinvestment Commission.